

Vermont Needs Affordable Electricity (REV Conference 10/23)

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◆The phasing out of fossil fuels should result in increased use of electricity to heat homes, power motor vehicles, and serve other purposes. However, if electric service is not affordable, consumers may not make the transition. By keeping electricity affordable, Vermont protects public health and safety, and encourages the adoption of building electrification and transportation electrification. *Vermont PUC, Dkt No. 20-0203, Orders issued 2/3/20 and 4/26/20.*

◆◆Vermont electric customers already have access to a bill reduction potential called the Energy Assistance Program, but the program is limited to families at or below 185% of the Federal Poverty Level, and provides financial assistance that is limited to 25% of monthly charges and one-time arrearage forgiveness. *30 V.S.A. § 218(e).*

◆◆◆The generally accepted level of affordability of expenditure on energy for an American family is **6% of income**.

⇒As of 2018, the **74,000 Vermont families at or below 200% of the Federal Poverty Level were paying from 11% to 51% of their income on home energy.**

⇒The existing GMP Energy Assistance Program has been utilized by only about **25 % of eligible consumers**.

Why so few? The low number of participants may result from the low level of discount offered by the program—a far lower discount than the programs in other states. The low level of discount may provide insufficient incentive to complete the application process, which must be repeated every year.

In addition, the EAP fails to adopt best practices recommended by experts, such as automatic enrollment for those who qualify for Low Income Heating Assistance or 3SquaresVT, on-line enrollment, and self-certification with enrollment effective at date of application. *GDS Report on GMP Electric Assistance Program, 2019 (prepared for Vt DPS).*

◆◆◆◆In many other states, low and moderate income ratepayers are protected by programs that provide greater relief than Vermont's program. These include **Tiered Discount Programs**; these plans directly or indirectly limit a household's electric bills to a percentage of their monthly income, such as 6%. *GDS Report, supra; Advancing Equity in Utility Regulation; Future Electric Utility Regulation Report No. 12 (US DOE, 11/21), §§ 1 and 2.*

◆◆◆◆◆On February 3, 2020, the Public Utility Commission opened a docket to consider expanding the Energy Assistance Program to other utilities, potentially with a single state-wide administrator.

=>The Commission did not consider adoption of a Tiered Discount Program, or of any other alternative to the GMP model. Docket 20-0203 Orders issued 4/2/20 and 10/4/22.

=>The Commission lacks statutory authority to provide relief to customers whose income exceeds 185% of Federal Poverty Level. 30 V.S.A. § 218(e).

=>BED has adopted at 12.5% EAP as a pilot program.

=>The Commission closed this docket in June of 2023 without issuing any order requiring any utility other than WEC to adopt an EAP, and without recommending statutory change. The Commission noted that many utilities are sharing \$10 million in ARPA funds to reduce rates temporarily, for Affordable Community Renewable Energy (ACRE) programs.

◆◆◆◆◆**H.56** (M. Cordes, lead sponsor) includes requirement that the PUC adopt rules reforming electric rates to require each utility to have an EAP that includes a Tiered Discount Program. The tiers would be designed so that households from 185% FPL to 60% median do not pay an electric bill exceeding 10% of monthly income, if 185% or less would pay in excess of 6% if the household heats with electricity, and not more than 3% if the household does not heat with electricity.

H.56 would also authorize the rule to include adoption of generally recognized best practices such as automatic enrollment for 3 Squares and LIHEAP recipients, online enrollment, and self-certification.

Attachments:

Closing Order in Docket 20-0203

Excerpts from GMP workshop presentation

Energy Assistance Program (EAP) Workshop

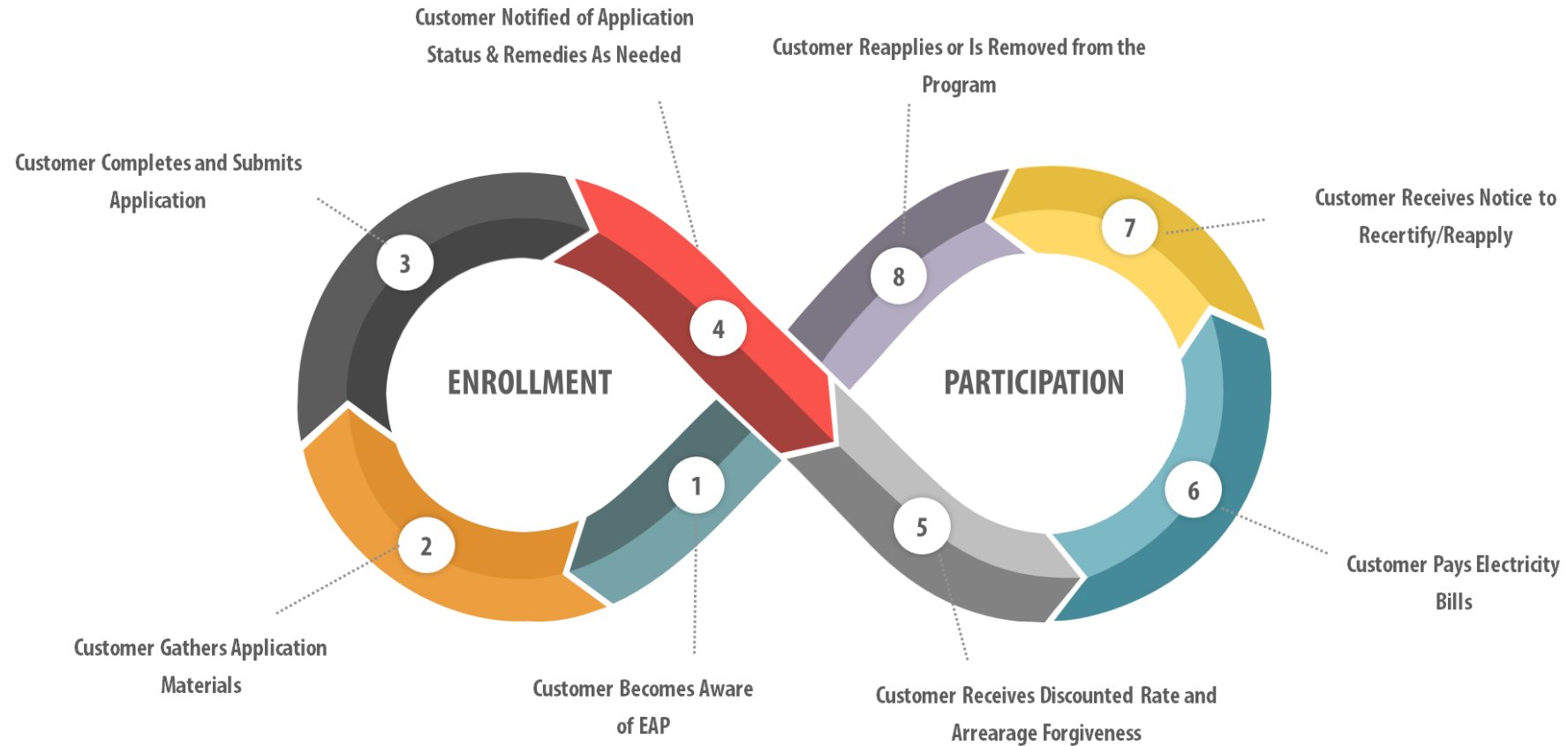
July 8, 2021



EAP Structure, Operations, Costs, Benefits

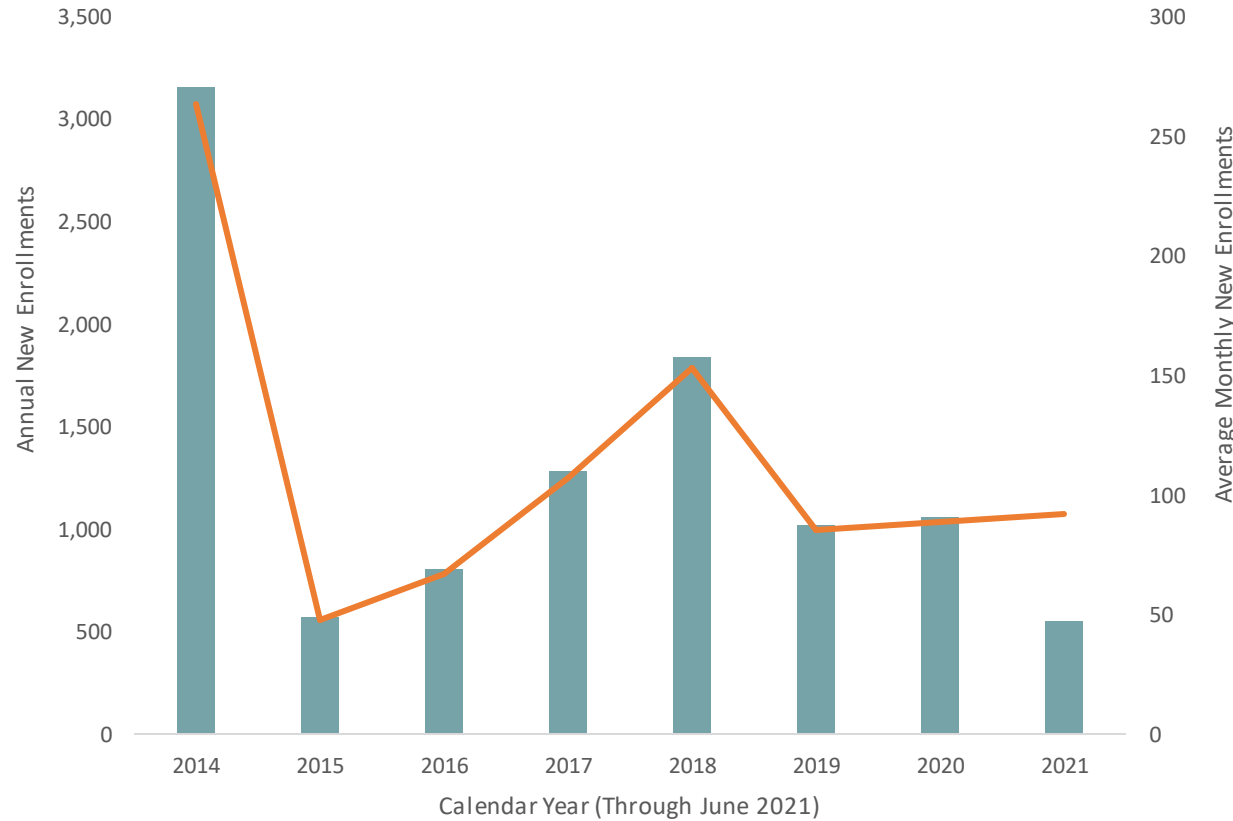
- Elements of the current GMP EAP:
 - 25% discount on electric bill
 - 100% arrearage forgiveness at the time of original enrollment
 - The program is funded by a monthly, per meter charge, based upon previous 150% eligibility level:
 - Residential: \$1.00, Commercial: \$1.67, Industrial: \$55.50
 - EAP participants are required to re-enroll annually
 - The Department for Children & Families (DCF) accepts applications and verifies customer information/income
 - Participation: 10,207 customers as of June 30, 2021

Customer Pathway through EAP



*GMP has allowed participants to remain in the program without re-applying. Given the recent re-opening of the economy, we recently began notifying all customers who should reapply of that fact, and will do so in real time for other customers going forward. Also see slide 13 for more details.

Historical Enrollments 2014 - June 2021



Large enrollment at program start (2014)

Drop-off in 2015 may reflect the initial surge and arrearage forgiveness offer

Steady growth in new enrollments from 2015 to 2018

Drop-off in 2018 may reflect re-enrollment burden

Steady new enrollments from 2019 to 2020 (2021 was only a partial year)

GREEN MOUNTAIN POWER CORPORATION
Analysis of Utility Poverty Levels at 185% of FPL
Using 2021 Census Bureau ZIP Code Database

	Census Data Population	FPL <185%	%
Barton	1,847	642	34.8%
BED	36,261	14,314	39.5%
Enosburg	4,822	1,156	24.0%
GMP	415,462	92,021	22.1%
Hardwick	6,999	1,441	20.6%
Hyde Park	1,163	240	20.6%
Jacksonville	1,273	341	26.8%
Johnson	957	351	36.7%
Ludlow	1,717	474	27.6%
Lyndonville	10,303	3,077	29.9%
Morrisville	5,104	1,224	24.0%
Northfield	2,697	667	24.7%
Orleans	3,143	1,252	39.8%
Stowe	4,142	1,061	25.6%
Swanton	6,310	1,446	22.9%
VEC	80,731	17,502	21.7%
WEC	16,976	3,998	23.6%
Total	599,906	141,206	23.5%

STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 20-0203-INV

Investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities	
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Order entered: 06/13/2023

**ORDER CLOSING INVESTIGATION AND ORDERING FURTHER PROCESS FOR
WASHINGTON ELECTRIC COOPERATIVE**

In this Order, the Vermont Public Utility Commission (“Commission”) closes its investigation into the establishment of reduced rates for low-income residential ratepayers of Vermont electric utilities, opens a compliance subcase for certain utilities to file reports, and directs that Washington Electric Cooperative (“WEC”) consult and collaborate with the Department to develop an additional program or programs that can provide bill assistance to WEC’s low-income members.

The Commission appreciates that Vermont’s electric utilities either already have or will soon have programs that provide reduced rates to low-income residential ratepayers. On March 3, 2023, the electric utilities made filings in this case explaining their programs.¹ Vermont Electric Cooperative (“VEC”), WEC, the Vermont Public Power Supply Authority (“VPPSA”) utilities, and the Town of Stowe Electric Department (“Stowe Electric”) are all developing programs using grant funds that the Vermont Department of Public Service (“Department”) awarded through the Affordable Community Renewable Energy (“ACRE”) Program.² The City

¹ All the utilities, except for Green Mountain Power Corporation (“GMP”) and the Village of Hyde Park Electric Department (“Hyde Park Electric”), made filings.

As the Commission’s information request was drafted, it was implied that a response from GMP was not required. GMP already has in place its low-income Energy Assistance Program, as most recently updated in Case No. 22-5173-TF. Additionally, GMP is implementing its Affordable Community Renewable Energy (“ACRE”) grant through its ACRE Pilot, Case No. 23A-0108, and is taking advantage of certain provisions under the federal Inflation Reduction Act through its Shared Solar Program tariff, Case No. 23-0071-TF.

Because Hyde Park Electric did not respond to the Commission’s information request, it is unclear whether Hyde Park Electric has or is planning to develop a program.

² The State appropriated \$10 million to the Department from the Coronavirus State and Local Fiscal Recovery Funds as part of the federal American Rescue Plan Act of 2021 to be used to support the creation of renewable energy projects for low-income Vermonters. Public Act No. 74, § G.600(a)(5) (2021 Vt., Bien Sess.). In turn, the Department sought proposals from the utilities for programs to use the funds, and then the Department awarded grants.

of Burlington Electric Department (“BED”) has its Energy Assistance Pilot Rate Program funded through money distributed under the federal American Rescue Plan Act of 2021.

The program structure, amount of bill assistance, number of customers that may participate, and length of time that the programs will be in effect vary by utility. These differences among the utilities’ programs provide an opportunity to gather information and analyze the effectiveness of different approaches to offering low-income rate assistance. The Commission is interested in closely following these programs and therefore directs VEC, WEC, VPPSA, and Stowe Electric to file their annual and final reports, which are required by the Department for the ACRE Program, in the compliance subcase for this case.³ As a part of each of these reports, the Commission directs that each utility also include a summary of any other programs the utility is offering or planning to offer that provide discounted rates or other assistance to low-income customers.

Some of the utilities’ programs have one or more of the following characteristics that present barriers to the effectiveness of the programs: (1) a short or limited duration, (2) a cap on the number of participants, or (3) a relatively low discount. Consequently, the Commission expects that the utilities will continue to develop innovative ways to provide meaningful assistance to their low-income customers now and into the future, and we welcome proposals from the utilities to address this important issue. The Commission will be closely following the utilities’ reports on their low-income programs, and we may open an investigation into this topic again in the future if the utilities fail to develop permanent programs that provide meaningful assistance to their low-income customers.

In sum, while the Commission believes the utilities’ current programs are an improvement over the status quo and that it is appropriate to close this investigation at this time, the Commission remains concerned about the affordability of electricity for low-income Vermonters because of the increasing costs of electricity and other costs of living as well as the need to electrify transportation and home heating to meet the state’s greenhouse gas reduction requirements.⁴ Everyone benefits when all electricity users can afford electricity. If electricity is more affordable for low-income customers, Vermont can more quickly implement beneficial

³ GMP and BED already have requirements to file reports regarding their programs in other cases.

⁴ See 10 V.S.A. § 578.

electrification and more quickly reach its ambitious climate goals. Families that can pay their electric bills are more likely to take advantage of programs that encourage weatherization, the adoption of heat pumps, and the switch to electric vehicles. Conversely, when low-income households cannot afford to meet their basic needs – including electricity, health care, and nutrition – the costs are ultimately borne by everyone.

We recognize that when a utility provides support for its low-income customers, absent external funds like those provided by federal and state assistance, the burden of that support usually falls on other customers of the utility (many of whom may be barely above the definition of low-income themselves). It is our obligation to protect the interests of all utility customers, including those whose bills increase when a utility provides financial assistance for its low-income customers. Although the current funds from federal and state programs to support low-income customers do not place the burden on other utility customers, those funds are only temporary.

Washington Electric Cooperative

In Case No. 19-1270-TF, the Commission ordered WEC to consult and collaborate with the Department to develop a program to support low-income members and to report back within 12 months.⁵ That requirement was later replaced by a requirement for WEC to participate in this investigation.⁶ WEC's ACRE Program, which will provide approximately 223 households with a \$45 per month discount on their bills for five years, will offer significant and meaningful rate relief to a portion of WEC's low-income members.⁷ However, WEC's ACRE Program will only be able to provide assistance to approximately 6.4% of WEC's low-income members, and the offering is time limited.⁸

WEC has the highest electric rates of any Vermont utility. The WEC rate design approved in 2019 was phased in, with the final rate increase occurring on July 1, 2022. For WEC members, including low-income members, who use 200 kWh per month, monthly bills

⁵ *Washington Electric Cooperative, Inc.'s, tariff filing for rate design changes and a change in rate schedules to be effective on services rendered beginning June 17, 2019*, Case No. 19-1270-TF, Order of 12/19/19 at 13.

⁶ *Washington Electric Cooperative, Inc.'s, tariff filing for rate design changes and a change in rate schedules to be effective on services rendered beginning June 17, 2019*, Case No. 19-1270-TF, Order of 12/10/20.

⁷ WEC's 5/8/23 Response Letter.

⁸ *Id.*

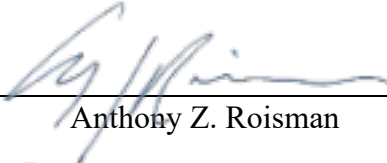
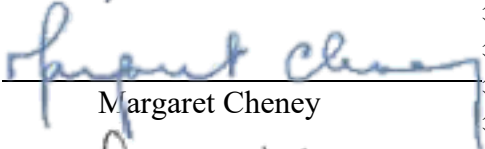
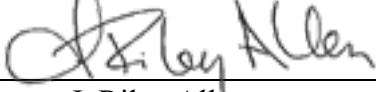
under the new rate design increased by 44%. Further, WEC has sought and received approval for multiple rate increases since the new rate design was approved. Therefore, the Commission believes it is necessary for WEC to develop additional offerings to support its low-income members.

The Commission directs WEC to consult and collaborate with the Department to develop an additional program or programs that can provide bill assistance to a significant portion of WEC's low-income members in the near term and then after WEC's ACRE Program ends. The Commission encourages WEC to investigate the low-income programs that its fellow Vermont utilities are offering as well as opportunities that may be available under the federal Inflation Reduction Act.⁹ The Commission directs WEC to file a report in the compliance subcase for this case within six months of the issuance date of this Order providing a status update on its work to develop a program or programs to provide bill assistance to its low-income members.

SO ORDERED.

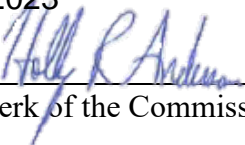
⁹ See e.g., GMP's Shared Solar Program tariff, Case No. 23-0071-TF, which takes advantage of provisions under the federal Inflation Reduction Act to support GMP's low-income customers.

Dated at Montpelier, Vermont, this 13th day of June, 2023.

 _____))	PUBLIC UTILITY COMMISSION OF VERMONT
Anthony Z. Roisman)	
_____))	
 _____))	PUBLIC UTILITY COMMISSION OF VERMONT
Margaret Cheney)	
_____))	
 _____))	PUBLIC UTILITY COMMISSION OF VERMONT
J. Riley Allen)	
_____))	

OFFICE OF THE CLERK

Filed: June 13, 2023

Attest: 

Clerk of the Commission

Notice to Readers: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Commission (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: puc.clerk@vermont.gov)